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Update "With-Site-Visit" Reserve Study

The Glen of Pacific Grove
Pacific Grove, CA

Report #: 7492-6
For Period Beginning: January 1, 2019
Expires: December 31, 2019

Date Prepared: August 10, 2018

DEREK ECKERT
CAI-RS
00114
DESIGNATION
RESERVE SPECIALIST

Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you "where you are," and "where to go from here."

In this Report, you will find...

1) A List of What you're Reserving For

2) An Evaluation of your Reserve Fund Size and Strength

3) A Recommended Multi-Year Reserve Funding Plan

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

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ASSOCIATION RESERVES
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3- Minute Executive Summary

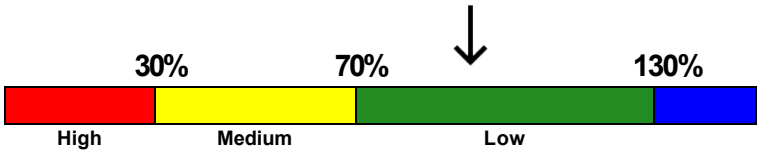
Association:	**The Glen of Pacific Grove**	**Assoc. #: 7492-6**
Location:	**Pacific Grove, CA**	**# of Units:60**
Report Period:	**January 1, 2019 through December 31, 2019**	

Findings/Recommendations as-of: January 1, 2019

Project Starting Reserve Balance	**$500,668**
Currently Fully Funding Reserve Balance	**$529,979**
Average Reserve Deficit (Surplus) Per Unit	**$489**
Percent Funded	**94.5 %**
Recommended 2019 "Monthly Fully Funding Contributions"	**$6,622**
Recommended 2019 Special Assessments for Reserves	**$0**
2018 Contribution Rate	**$6,020**

Reserves % Funded: 94.5%

Special Assessment Risk:



Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves	**1.00 %**
Annual Inflation Rate	**3.00 %**

• This is an Update "With-Site-Visit" Reserve Study

• The information in this Reserve Study is based on our site inspection on 6/25/2018

• This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).

• Because your Reserve Fund is at 94.5 % Funded, this means the association's special assessment & deferred maintenance risk is currently Low.

• Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

• Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is for you to increase your Reserve contributions.

• No assets appropriate for Reserve designation were excluded.

Executive Summary 7492-6

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
	Common Area Components			
103	Concrete Surfaces - Repair	10	5	$65,000
201	Asphalt - Resurface	30	24	$165,000
202	Asphalt - Seal/Repair	5	1	$16,000
319	Pole Light Posts - Replace	50	23	$45,000
320	Pole Light Fixtures - Replace	25	7	$8,400
324	Wall Lights - Replace	25	23	$13,500
403	Mailboxes - Replace	30	5	$18,000
502	Chain Link Fence - Replace	30	4	$15,500
503	Metal Fence - Replace	30	23	$24,500
505	Wood Fence - Partial Replace	10	6	$7,700
702	Vehicle Gates - Replace	30	7	$18,000
704	Intercom - Replace	15	0	$5,650
706	Gate Operators - Replace	10	4	$11,500
1001	Backflow Device - Replace	25	1	$8,750
1008	Trees - Removal & Replacement	10	5	$52,000
1009	Lake - Dredge/Repair	7	3	$57,000
1107	Metal Fence - Repaint	5	3	$4,450
1116	Exterior Surfaces - Repaint	10	6	$165,000
1121	Exterior Surfaces - Repair	10	6	$27,000
1303	Comp Shingle Roof - Replace	30	20	$495,000
1310	Gutters/Downspouts - Replace (ph.1)	30	28	$73,000
1311	Gutters/Downspouts - Replace (ph.2)	30	16	$36,500
1603	Tennis Court - Refurbish	10	2	$8,650
1701	Creek Bridge - Replace	25	15	$19,500
1703	Pond Sump Pumps - Replace	10	9	$5,000
1811	Plumbing - Repair/Replace	10	7	$30,000
26	**Total Funded Components**			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.

RESERVE STUDY RESULTS

Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology

For this Update With-Site-Visit Reserve Study, we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association precedents. We performed an on-site inspection to evaluate your common areas, updating and adjusting your Reserve Component List as appropriate.

Which Physical Assets are Funded by Reserves?

RESERVE COMPONENT "FOUR-PART TEST"

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How do we establish Useful Life and Remaining Useful Life estimates?

1) Visual Inspection (observed wear and age)
2) Association Reserves database of experience
3) Client History (install dates & previous life cycle information)
4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

1) Actual client cost history, or current proposals
2) Comparison to Association Reserves database of work done at similar associations
3) Vendor Recommendations
4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
2) Compare that to the Reserve Fund Balance, and express as a percentage.

Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

FUNDING OBJECTIVES

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Site Inspection Notes

During our site visit on 6/25/2018, we started with a brief meeting with Terry Field (Board Member). We visually inspected the association, and were able to see most areas.

Please see the Photographic Inventory Appendix at the end of this report for detailed look at each component.

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your property as defined by your Reserve Component List. A summary of these components are shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table.

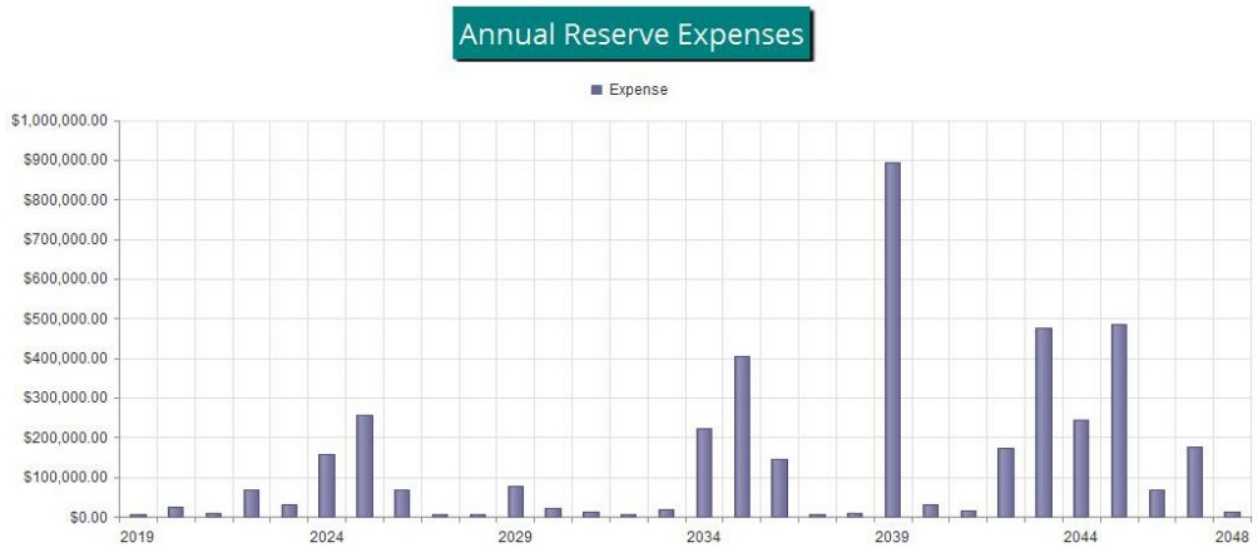


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be $500,668 as-of the start of your fiscal year. This is based on your actual balance on 4/30/2018 of $452,508 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of 1/1/2019, your Fully Funded Balance is computed to be $529,979. (see Acct/Tax Summary table). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your 94.5 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of $6,622/Monthly this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

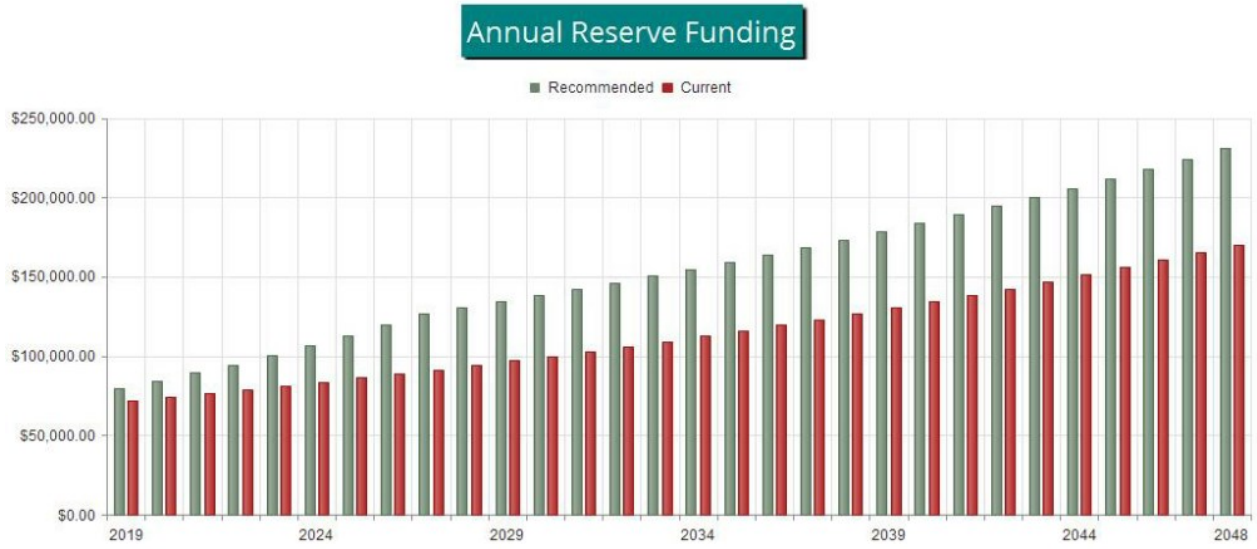


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

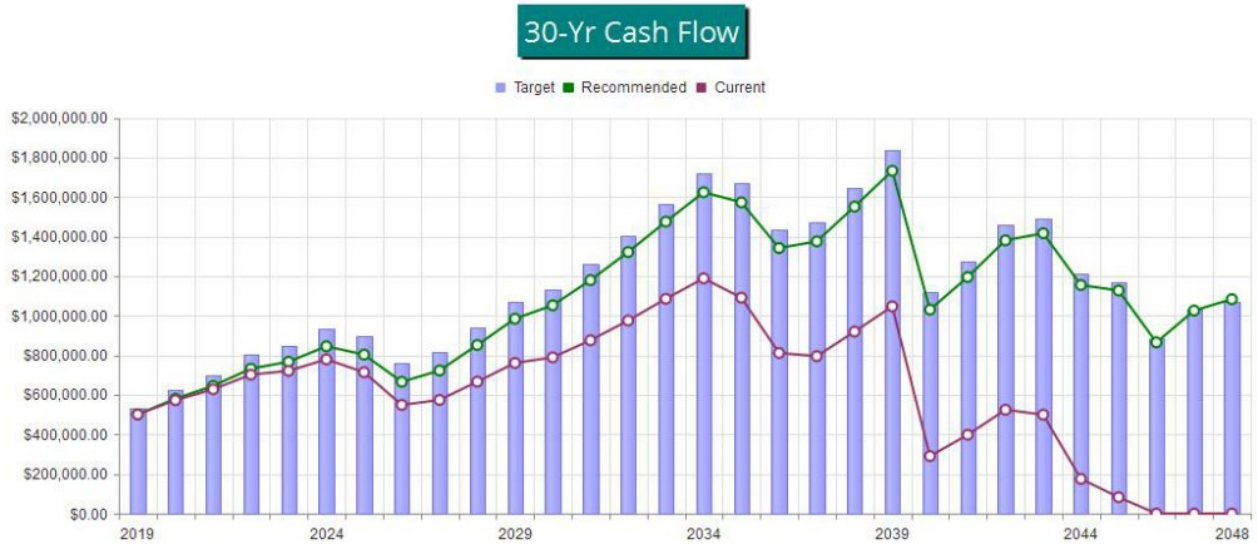


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.

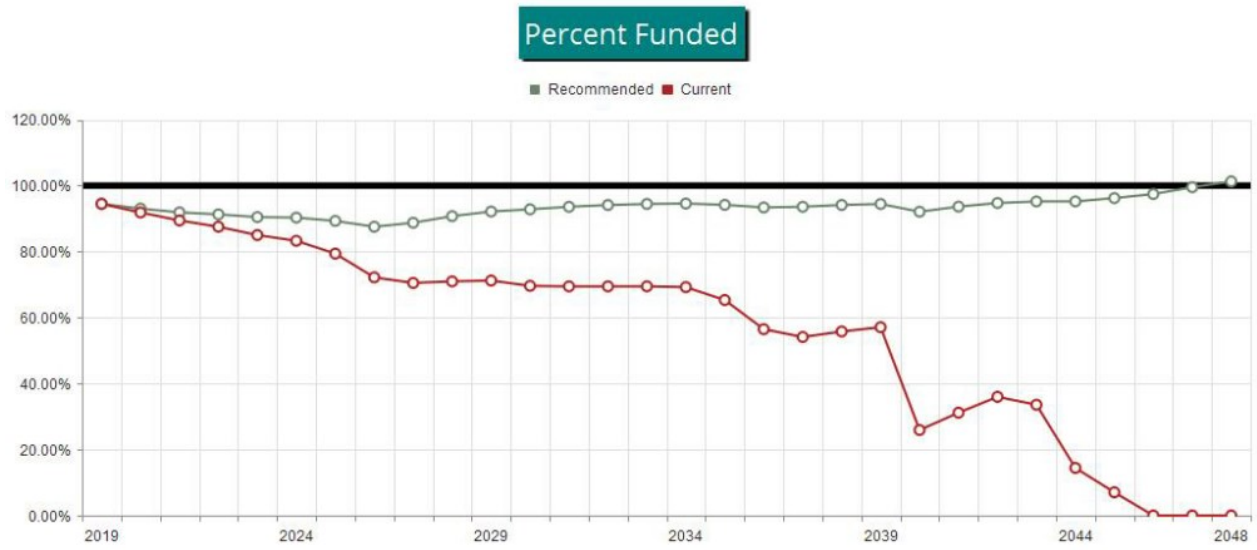


Figure 4

Table Descriptions

The tabular information in this Report is broken down into nine tables, not all which may have been chosen by your Project Manager to appear in your report. Tables are listed in the order in which they appear in your Report.

Executive Summary is a summary of your Reserve Components

Budget Summary is a management and accounting tool, summarizing groupings of your Reserve Components.

Analysis Summary provides a summary of the starting financial information and your Project Manager's Financial Analysis decision points.

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the association total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

Accounting-Tax Summary provides information on each Component's proportionate portion of key totals, valuable to accounting professionals primarily during tax preparation time of year.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

Budget Summary

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	Useful Life		2019 Rem. Useful Life		Estimated Replacement Cost in 2019	2019 Expenditures	01/01/2019 Current Fund Balance	01/01/2019 Fully Funded Balance	Remaining Bal. to be Funded	2019 Contributions
	Min	Max	Min	Max						
Common Area Components	5	50	0	28	$1,395,600	$5,650	$500,668	$529,979	$894,932	$79,464
					$1,395,600	$5,650	$500,668	$529,979	$894,932	$79,464
								Percent Funded:	94.5%	

#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate Best Case	Current Cost Estimate Worst Case
	Common Area Components					
103	Concrete Surfaces - Repair	Extensive LF	10	5	$57,000	$73,000
201	Asphalt - Resurface	Approx 40,960 GSF	30	24	$140,000	$190,000
202	Asphalt - Seal/Repair	Approx 40,960 GSF	5	1	$14,000	$18,000
319	Pole Light Posts - Replace	(19) Pole Posts	50	23	$40,000	$50,000
320	Pole Light Fixtures - Replace	(19) Fixtures	25	7	$7,600	$9,200
324	Wall Lights - Replace	(64) Fixtures	25	23	$11,000	$16,000
403	Mailboxes - Replace	(4) Kiosks	30	5	$15,000	$21,000
502	Chain Link Fence - Replace	Approx 560 LF	30	4	$14,000	$17,000
503	Metal Fence - Replace	Approx 355 LF	30	23	$22,000	$27,000
505	Wood Fence - Partial Replace	Approx 370 LF x 33%	10	6	$6,900	$8,500
702	Vehicle Gates - Replace	(2) Gates	30	7	$15,000	$21,000
704	Intercom - Replace	(1) Intercom	15	0	$5,000	$6,300
706	Gate Operators - Replace	(2) Operators	10	4	$10,000	$13,000
1001	Backflow Device - Replace	(4) Backflows	25	1	$7,500	$10,000
1008	Trees - Removal & Replacement	Numerous Trees	10	5	$47,000	$57,000
1009	Lake - Dredge/Repair	Approx. 12,500 GSF	7	3	$51,000	$63,000
1107	Metal Fence - Repaint	Approx 355 LF	5	3	$4,000	$4,900
1116	Exterior Surfaces - Repaint	Approx 110,880 GSF	10	6	$150,000	$180,000
1121	Exterior Surfaces - Repair	(60) Units	10	6	$24,000	$30,000
1303	Comp Shingle Roof - Replace	Approx 99,000 GSF	30	20	$440,000	$550,000
1310	Gutters/Downspouts - Replace (ph.1)	Approx 6,500 LF	30	28	$65,000	$81,000
1311	Gutters/Downspouts - Replace (ph.2)	Approx 3,250 LF	30	16	$32,000	$41,000
1603	Tennis Court - Refurbish	Approx 7,800 GSF	10	2	$8,100	$9,200
1701	Creek Bridge - Replace	Approx 120 GSF	25	15	$18,000	$21,000
1703	Pond Sump Pumps - Replace	(1) Pump	10	9	$4,500	$5,500
1811	Plumbing - Repair/Replace	Extensive LF	10	7	$25,000	$35,000

26 Total Funded Components

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
	Common Area Components							
103	Concrete Surfaces - Repair	$65,000	X	5	/	10	=	$32,500
201	Asphalt - Resurface	$165,000	X	6	/	30	=	$33,000
202	Asphalt - Seal/Repair	$16,000	X	4	/	5	=	$12,800
319	Pole Light Posts - Replace	$45,000	X	27	/	50	=	$24,300
320	Pole Light Fixtures - Replace	$8,400	X	18	/	25	=	$6,048
324	Wall Lights - Replace	$13,500	X	2	/	25	=	$1,080
403	Mailboxes - Replace	$18,000	X	25	/	30	=	$15,000
502	Chain Link Fence - Replace	$15,500	X	26	/	30	=	$13,433
503	Metal Fence - Replace	$24,500	X	7	/	30	=	$5,717
505	Wood Fence - Partial Replace	$7,700	X	4	/	10	=	$3,080
702	Vehicle Gates - Replace	$18,000	X	23	/	30	=	$13,800
704	Intercom - Replace	$5,650	X	15	/	15	=	$5,650
706	Gate Operators - Replace	$11,500	X	6	/	10	=	$6,900
1001	Backflow Device - Replace	$8,750	X	24	/	25	=	$8,400
1008	Trees - Removal & Replacement	$52,000	X	5	/	10	=	$26,000
1009	Lake - Dredge/Repair	$57,000	X	4	/	7	=	$32,571
1107	Metal Fence - Repaint	$4,450	X	2	/	5	=	$1,780
1116	Exterior Surfaces - Repaint	$165,000	X	4	/	10	=	$66,000
1121	Exterior Surfaces - Repair	$27,000	X	4	/	10	=	$10,800
1303	Comp Shingle Roof - Replace	$495,000	X	10	/	30	=	$165,000
1310	Gutters/Downspouts - Replace (ph.1)	$73,000	X	2	/	30	=	$4,867
1311	Gutters/Downspouts - Replace (ph.2)	$36,500	X	14	/	30	=	$17,033
1603	Tennis Court - Refurbish	$8,650	X	8	/	10	=	$6,920
1701	Creek Bridge - Replace	$19,500	X	10	/	25	=	$7,800
1703	Pond Sump Pumps - Replace	$5,000	X	1	/	10	=	$500
1811	Plumbing - Repair/Replace	$30,000	X	3	/	10	=	$9,000
								$529,979

Component Significance

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#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
	Common Area Components				
103	Concrete Surfaces - Repair	10	$65,000	$6,500	8.04 %
201	Asphalt - Resurface	30	$165,000	$5,500	6.80 %
202	Asphalt - Seal/Repair	5	$16,000	$3,200	3.96 %
319	Pole Light Posts - Replace	50	$45,000	$900	1.11 %
320	Pole Light Fixtures - Replace	25	$8,400	$336	0.42 %
324	Wall Lights - Replace	25	$13,500	$540	0.67 %
403	Mailboxes - Replace	30	$18,000	$600	0.74 %
502	Chain Link Fence - Replace	30	$15,500	$517	0.64 %
503	Metal Fence - Replace	30	$24,500	$817	1.01 %
505	Wood Fence - Partial Replace	10	$7,700	$770	0.95 %
702	Vehicle Gates - Replace	30	$18,000	$600	0.74 %
704	Intercom - Replace	15	$5,650	$377	0.47 %
706	Gate Operators - Replace	10	$11,500	$1,150	1.42 %
1001	Backflow Device - Replace	25	$8,750	$350	0.43 %
1008	Trees - Removal & Replacement	10	$52,000	$5,200	6.43 %
1009	Lake - Dredge/Repair	7	$57,000	$8,143	10.07 %
1107	Metal Fence - Repaint	5	$4,450	$890	1.10 %
1116	Exterior Surfaces - Repaint	10	$165,000	$16,500	20.40 %
1121	Exterior Surfaces - Repair	10	$27,000	$2,700	3.34 %
1303	Comp Shingle Roof - Replace	30	$495,000	$16,500	20.40 %
1310	Gutters/Downspouts - Replace (ph.1)	30	$73,000	$2,433	3.01 %
1311	Gutters/Downspouts - Replace (ph.2)	30	$36,500	$1,217	1.50 %
1603	Tennis Court - Refurbish	10	$8,650	$865	1.07 %
1701	Creek Bridge - Replace	25	$19,500	$780	0.96 %
1703	Pond Sump Pumps - Replace	10	$5,000	$500	0.62 %
1811	Plumbing - Repair/Replace	10	$30,000	$3,000	3.71 %
26	Total Funded Components			$80,884	100.00 %

#	Component	UL	RUL	Current Cost Estimate	Fully Funded Balance	Current Fund Balance	Proportional Reserve Contribs
	Common Area Components						
103	Concrete Surfaces - Repair	10	5	$65,000	$32,500	$32,500	$532
201	Asphalt - Resurface	30	24	$165,000	$33,000	$8,555	$450
202	Asphalt - Seal/Repair	5	1	$16,000	$12,800	$12,800	$262
319	Pole Light Posts - Replace	50	23	$45,000	$24,300	$24,300	$74
320	Pole Light Fixtures - Replace	25	7	$8,400	$6,048	$6,048	$28
324	Wall Lights - Replace	25	23	$13,500	$1,080	$1,080	$44
403	Mailboxes - Replace	30	5	$18,000	$15,000	$15,000	$49
502	Chain Link Fence - Replace	30	4	$15,500	$13,433	$13,433	$42
503	Metal Fence - Replace	30	23	$24,500	$5,717	$5,717	$67
505	Wood Fence - Partial Replace	10	6	$7,700	$3,080	$3,080	$63
702	Vehicle Gates - Replace	30	7	$18,000	$13,800	$13,800	$49
704	Intercom - Replace	15	0	$5,650	$5,650	$5,650	$31
706	Gate Operators - Replace	10	4	$11,500	$6,900	$6,900	$94
1001	Backflow Device - Replace	25	1	$8,750	$8,400	$8,400	$29
1008	Trees - Removal & Replacement	10	5	$52,000	$26,000	$26,000	$426
1009	Lake - Dredge/Repair	7	3	$57,000	$32,571	$32,571	$667
1107	Metal Fence - Repaint	5	3	$4,450	$1,780	$1,780	$73
1116	Exterior Surfaces - Repaint	10	6	$165,000	$66,000	$66,000	$1,351
1121	Exterior Surfaces - Repair	10	6	$27,000	$10,800	$10,800	$221
1303	Comp Shingle Roof - Replace	30	20	$495,000	$165,000	$165,000	$1,351
1310	Gutters/Downspouts - Replace (ph.1)	30	28	$73,000	$4,867	$0	$199
1311	Gutters/Downspouts - Replace (ph.2)	30	16	$36,500	$17,033	$17,033	$100
1603	Tennis Court - Refurbish	10	2	$8,650	$6,920	$6,920	$71
1701	Creek Bridge - Replace	25	15	$19,500	$7,800	$7,800	$64
1703	Pond Sump Pumps - Replace	10	9	$5,000	$500	$500	$41
1811	Plumbing - Repair/Replace	10	7	$30,000	$9,000	$9,000	$246
26	Total Funded Components				$529,979	$500,668	$6,622

30-Year Reserve Plan Summary

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Fiscal Year Start: 2019	Interest: 1.00 %	Inflation: 3.00 %

Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)	Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded		Special Assmt Risk	% Increase In Annual Reserve Contribs.	Reserve Contribs.	Loan or Special Assmts	Interest Income	Reserve Expenses
2019	$500,668	$529,979	94.5 %		Low	10.00 %	$79,464	$0	$5,400	$5,650
2020	$579,882	$623,370	93.0 %		Low	6.00 %	$84,232	$0	$6,121	$25,493
2021	$644,742	$701,623	91.9 %		Low	6.00 %	$89,286	$0	$6,879	$9,177
2022	$731,731	$801,604	91.3 %		Low	6.00 %	$94,643	$0	$7,489	$67,148
2023	$766,714	$847,525	90.5 %		Low	6.00 %	$100,321	$0	$8,054	$30,389
2024	$844,701	$935,417	90.3 %		Low	6.00 %	$106,341	$0	$8,234	$156,502
2025	$802,773	$898,862	89.3 %		Low	6.00 %	$112,721	$0	$7,337	$257,557
2026	$665,275	$760,021	87.5 %		Low	6.00 %	$119,484	$0	$6,935	$69,365
2027	$722,329	$813,837	88.8 %		Low	6.00 %	$126,654	$0	$7,864	$5,637
2028	$851,210	$937,981	90.7 %		Low	2.90 %	$130,326	$0	$9,173	$6,524
2029	$984,186	$1,068,102	92.1 %		Low	2.90 %	$134,106	$0	$10,176	$76,603
2030	$1,051,864	$1,133,206	92.8 %		Low	2.90 %	$137,995	$0	$11,149	$22,148
2031	$1,178,861	$1,259,711	93.6 %		Low	2.90 %	$141,997	$0	$12,494	$12,333
2032	$1,321,019	$1,403,580	94.1 %		Low	2.90 %	$146,115	$0	$13,972	$6,535
2033	$1,474,571	$1,561,300	94.4 %		Low	2.90 %	$150,352	$0	$15,481	$17,395
2034	$1,623,009	$1,716,237	94.6 %		Low	2.90 %	$154,712	$0	$15,969	$221,465
2035	$1,572,226	$1,669,410	94.2 %		Low	2.90 %	$159,199	$0	$14,561	$404,707
2036	$1,341,279	$1,436,333	93.4 %		Low	2.90 %	$163,816	$0	$13,575	$143,798
2037	$1,374,872	$1,469,011	93.6 %		Low	2.90 %	$168,566	$0	$14,621	$7,576
2038	$1,550,484	$1,647,108	94.1 %		Low	2.90 %	$173,455	$0	$16,403	$8,768
2039	$1,731,574	$1,833,576	94.4 %		Low	2.90 %	$178,485	$0	$13,801	$894,025
2040	$1,029,835	$1,118,205	92.1 %		Low	2.90 %	$183,661	$0	$11,119	$29,765
2041	$1,194,850	$1,276,076	93.6 %		Low	2.90 %	$188,987	$0	$12,869	$16,574
2042	$1,380,133	$1,456,918	94.7 %		Low	2.90 %	$194,468	$0	$13,975	$172,590
2043	$1,415,985	$1,487,278	95.2 %		Low	2.90 %	$200,107	$0	$12,846	$474,657
2044	$1,154,281	$1,212,352	95.2 %		Low	2.90 %	$205,911	$0	$11,400	$244,972
2045	$1,126,620	$1,170,834	96.2 %		Low	2.90 %	$211,882	$0	$9,951	$484,047
2046	$864,406	$887,057	97.4 %		Low	2.90 %	$218,027	$0	$9,444	$66,639
2047	$1,025,238	$1,030,088	99.5 %		Low	2.90 %	$224,349	$0	$10,536	$177,200
2048	$1,082,923	$1,069,083	101.3 %		Low	2.90 %	$230,855	$0	$11,979	$11,783

	Fiscal Year	2019	2020	2021	2022	2023
	Starting Reserve Balance	$500,668	$579,882	$644,742	$731,731	$766,714
	Annual Reserve Contribution	$79,464	$84,232	$89,286	$94,643	$100,321
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$5,400	$6,121	$6,879	$7,489	$8,054
	Total Income	$585,532	$670,235	$740,907	$833,862	$875,090
#	Component					
	Common Area Components					
103	Concrete Surfaces - Repair	$0	$0	$0	$0	$0
201	Asphalt - Resurface	$0	$0	$0	$0	$0
202	Asphalt - Seal/Repair	$0	$16,480	$0	$0	$0
319	Pole Light Posts - Replace	$0	$0	$0	$0	$0
320	Pole Light Fixtures - Replace	$0	$0	$0	$0	$0
324	Wall Lights - Replace	$0	$0	$0	$0	$0
403	Mailboxes - Replace	$0	$0	$0	$0	$0
502	Chain Link Fence - Replace	$0	$0	$0	$0	$17,445
503	Metal Fence - Replace	$0	$0	$0	$0	$0
505	Wood Fence - Partial Replace	$0	$0	$0	$0	$0
702	Vehicle Gates - Replace	$0	$0	$0	$0	$0
704	Intercom - Replace	$5,650	$0	$0	$0	$0
706	Gate Operators - Replace	$0	$0	$0	$0	$12,943
1001	Backflow Device - Replace	$0	$9,013	$0	$0	$0
1008	Trees - Removal & Replacement	$0	$0	$0	$0	$0
1009	Lake - Dredge/Repair	$0	$0	$0	$62,285	$0
1107	Metal Fence - Repaint	$0	$0	$0	$4,863	$0
1116	Exterior Surfaces - Repaint	$0	$0	$0	$0	$0
1121	Exterior Surfaces - Repair	$0	$0	$0	$0	$0
1303	Comp Shingle Roof - Replace	$0	$0	$0	$0	$0
1310	Gutters/Downspouts - Replace (ph.1)	$0	$0	$0	$0	$0
1311	Gutters/Downspouts - Replace (ph.2)	$0	$0	$0	$0	$0
1603	Tennis Court - Refurbish	$0	$0	$9,177	$0	$0
1701	Creek Bridge - Replace	$0	$0	$0	$0	$0
1703	Pond Sump Pumps - Replace	$0	$0	$0	$0	$0
1811	Plumbing - Repair/Replace	$0	$0	$0	$0	$0
	Total Expenses	$5,650	$25,493	$9,177	$67,148	$30,389
	Ending Reserve Balance	$579,882	$644,742	$731,731	$766,714	$844,701

	Fiscal Year	2024	2025	2026	2027	2028
	Starting Reserve Balance	$844,701	$802,773	$665,275	$722,329	$851,210
	Annual Reserve Contribution	$106,341	$112,721	$119,484	$126,654	$130,326
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$8,234	$7,337	$6,935	$7,864	$9,173
	Total Income	$959,275	$922,832	$791,694	$856,847	$990,710
#	Component					
	Common Area Components					
103	Concrete Surfaces - Repair	$75,353	$0	$0	$0	$0
201	Asphalt - Resurface	$0	$0	$0	$0	$0
202	Asphalt - Seal/Repair	$0	$19,105	$0	$0	$0
319	Pole Light Posts - Replace	$0	$0	$0	$0	$0
320	Pole Light Fixtures - Replace	$0	$0	$10,331	$0	$0
324	Wall Lights - Replace	$0	$0	$0	$0	$0
403	Mailboxes - Replace	$20,867	$0	$0	$0	$0
502	Chain Link Fence - Replace	$0	$0	$0	$0	$0
503	Metal Fence - Replace	$0	$0	$0	$0	$0
505	Wood Fence - Partial Replace	$0	$9,194	$0	$0	$0
702	Vehicle Gates - Replace	$0	$0	$22,138	$0	$0
704	Intercom - Replace	$0	$0	$0	$0	$0
706	Gate Operators - Replace	$0	$0	$0	$0	$0
1001	Backflow Device - Replace	$0	$0	$0	$0	$0
1008	Trees - Removal & Replacement	$60,282	$0	$0	$0	$0
1009	Lake - Dredge/Repair	$0	$0	$0	$0	$0
1107	Metal Fence - Repaint	$0	$0	$0	$5,637	$0
1116	Exterior Surfaces - Repaint	$0	$197,019	$0	$0	$0
1121	Exterior Surfaces - Repair	$0	$32,239	$0	$0	$0
1303	Comp Shingle Roof - Replace	$0	$0	$0	$0	$0
1310	Gutters/Downspouts - Replace (ph.1)	$0	$0	$0	$0	$0
1311	Gutters/Downspouts - Replace (ph.2)	$0	$0	$0	$0	$0
1603	Tennis Court - Refurbish	$0	$0	$0	$0	$0
1701	Creek Bridge - Replace	$0	$0	$0	$0	$0
1703	Pond Sump Pumps - Replace	$0	$0	$0	$0	$6,524
1811	Plumbing - Repair/Replace	$0	$0	$36,896	$0	$0
	Total Expenses	$156,502	$257,557	$69,365	$5,637	$6,524
	Ending Reserve Balance	$802,773	$665,275	$722,329	$851,210	$984,186

	Fiscal Year	2029	2030	2031	2032	2033
	Starting Reserve Balance	$984,186	$1,051,864	$1,178,861	$1,321,019	$1,474,571
	Annual Reserve Contribution	$134,106	$137,995	$141,997	$146,115	$150,352
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$10,176	$11,149	$12,494	$13,972	$15,481
	Total Income	$1,128,468	$1,201,008	$1,333,352	$1,481,106	$1,640,404
#	Component					
	Common Area Components					
103	Concrete Surfaces - Repair	$0	$0	$0	$0	$0
201	Asphalt - Resurface	$0	$0	$0	$0	$0
202	Asphalt - Seal/Repair	$0	$22,148	$0	$0	$0
319	Pole Light Posts - Replace	$0	$0	$0	$0	$0
320	Pole Light Fixtures - Replace	$0	$0	$0	$0	$0
324	Wall Lights - Replace	$0	$0	$0	$0	$0
403	Mailboxes - Replace	$0	$0	$0	$0	$0
502	Chain Link Fence - Replace	$0	$0	$0	$0	$0
503	Metal Fence - Replace	$0	$0	$0	$0	$0
505	Wood Fence - Partial Replace	$0	$0	$0	$0	$0
702	Vehicle Gates - Replace	$0	$0	$0	$0	$0
704	Intercom - Replace	$0	$0	$0	$0	$0
706	Gate Operators - Replace	$0	$0	$0	$0	$17,395
1001	Backflow Device - Replace	$0	$0	$0	$0	$0
1008	Trees - Removal & Replacement	$0	$0	$0	$0	$0
1009	Lake - Dredge/Repair	$76,603	$0	$0	$0	$0
1107	Metal Fence - Repaint	$0	$0	$0	$6,535	$0
1116	Exterior Surfaces - Repaint	$0	$0	$0	$0	$0
1121	Exterior Surfaces - Repair	$0	$0	$0	$0	$0
1303	Comp Shingle Roof - Replace	$0	$0	$0	$0	$0
1310	Gutters/Downspouts - Replace (ph.1)	$0	$0	$0	$0	$0
1311	Gutters/Downspouts - Replace (ph.2)	$0	$0	$0	$0	$0
1603	Tennis Court - Refurbish	$0	$0	$12,333	$0	$0
1701	Creek Bridge - Replace	$0	$0	$0	$0	$0
1703	Pond Sump Pumps - Replace	$0	$0	$0	$0	$0
1811	Plumbing - Repair/Replace	$0	$0	$0	$0	$0
	Total Expenses	$76,603	$22,148	$12,333	$6,535	$17,395
	Ending Reserve Balance	$1,051,864	$1,178,861	$1,321,019	$1,474,571	$1,623,009

	Fiscal Year	2034	2035	2036	2037	2038
	Starting Reserve Balance	$1,623,009	$1,572,226	$1,341,279	$1,374,872	$1,550,484
	Annual Reserve Contribution	$154,712	$159,199	$163,816	$168,566	$173,455
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$15,969	$14,561	$13,575	$14,621	$16,403
	Total Income	$1,793,691	$1,745,986	$1,518,670	$1,558,059	$1,740,342
#	Component					
	Common Area Components					
103	Concrete Surfaces - Repair	$101,268	$0	$0	$0	$0
201	Asphalt - Resurface	$0	$0	$0	$0	$0
202	Asphalt - Seal/Repair	$0	$25,675	$0	$0	$0
319	Pole Light Posts - Replace	$0	$0	$0	$0	$0
320	Pole Light Fixtures - Replace	$0	$0	$0	$0	$0
324	Wall Lights - Replace	$0	$0	$0	$0	$0
403	Mailboxes - Replace	$0	$0	$0	$0	$0
502	Chain Link Fence - Replace	$0	$0	$0	$0	$0
503	Metal Fence - Replace	$0	$0	$0	$0	$0
505	Wood Fence - Partial Replace	$0	$12,356	$0	$0	$0
702	Vehicle Gates - Replace	$0	$0	$0	$0	$0
704	Intercom - Replace	$8,803	$0	$0	$0	$0
706	Gate Operators - Replace	$0	$0	$0	$0	$0
1001	Backflow Device - Replace	$0	$0	$0	$0	$0
1008	Trees - Removal & Replacement	$81,014	$0	$0	$0	$0
1009	Lake - Dredge/Repair	$0	$0	$94,212	$0	$0
1107	Metal Fence - Repaint	$0	$0	$0	$7,576	$0
1116	Exterior Surfaces - Repaint	$0	$264,777	$0	$0	$0
1121	Exterior Surfaces - Repair	$0	$43,327	$0	$0	$0
1303	Comp Shingle Roof - Replace	$0	$0	$0	$0	$0
1310	Gutters/Downspouts - Replace (ph.1)	$0	$0	$0	$0	$0
1311	Gutters/Downspouts - Replace (ph.2)	$0	$58,572	$0	$0	$0
1603	Tennis Court - Refurbish	$0	$0	$0	$0	$0
1701	Creek Bridge - Replace	$30,380	$0	$0	$0	$0
1703	Pond Sump Pumps - Replace	$0	$0	$0	$0	$8,768
1811	Plumbing - Repair/Replace	$0	$0	$49,585	$0	$0
	Total Expenses	$221,465	$404,707	$143,798	$7,576	$8,768
	Ending Reserve Balance	$1,572,226	$1,341,279	$1,374,872	$1,550,484	$1,731,574

	Fiscal Year	2039	2040	2041	2042	2043
	Starting Reserve Balance	$1,731,574	$1,029,835	$1,194,850	$1,380,133	$1,415,985
	Annual Reserve Contribution	$178,485	$183,661	$188,987	$194,468	$200,107
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$13,801	$11,119	$12,869	$13,975	$12,846
	Total Income	$1,923,860	$1,224,615	$1,396,707	$1,588,575	$1,628,939
#	Component					
	Common Area Components					
103	Concrete Surfaces - Repair	$0	$0	$0	$0	$0
201	Asphalt - Resurface	$0	$0	$0	$0	$335,411
202	Asphalt - Seal/Repair	$0	$29,765	$0	$0	$0
319	Pole Light Posts - Replace	$0	$0	$0	$88,811	$0
320	Pole Light Fixtures - Replace	$0	$0	$0	$0	$0
324	Wall Lights - Replace	$0	$0	$0	$26,643	$0
403	Mailboxes - Replace	$0	$0	$0	$0	$0
502	Chain Link Fence - Replace	$0	$0	$0	$0	$0
503	Metal Fence - Replace	$0	$0	$0	$48,353	$0
505	Wood Fence - Partial Replace	$0	$0	$0	$0	$0
702	Vehicle Gates - Replace	$0	$0	$0	$0	$0
704	Intercom - Replace	$0	$0	$0	$0	$0
706	Gate Operators - Replace	$0	$0	$0	$0	$23,377
1001	Backflow Device - Replace	$0	$0	$0	$0	$0
1008	Trees - Removal & Replacement	$0	$0	$0	$0	$0
1009	Lake - Dredge/Repair	$0	$0	$0	$0	$115,869
1107	Metal Fence - Repaint	$0	$0	$0	$8,782	$0
1116	Exterior Surfaces - Repaint	$0	$0	$0	$0	$0
1121	Exterior Surfaces - Repair	$0	$0	$0	$0	$0
1303	Comp Shingle Roof - Replace	$894,025	$0	$0	$0	$0
1310	Gutters/Downspouts - Replace (ph.1)	$0	$0	$0	$0	$0
1311	Gutters/Downspouts - Replace (ph.2)	$0	$0	$0	$0	$0
1603	Tennis Court - Refurbish	$0	$0	$16,574	$0	$0
1701	Creek Bridge - Replace	$0	$0	$0	$0	$0
1703	Pond Sump Pumps - Replace	$0	$0	$0	$0	$0
1811	Plumbing - Repair/Replace	$0	$0	$0	$0	$0
	Total Expenses	$894,025	$29,765	$16,574	$172,590	$474,657
	Ending Reserve Balance	$1,029,835	$1,194,850	$1,380,133	$1,415,985	$1,154,281

	Fiscal Year	2044	2045	2046	2047	2048
	Starting Reserve Balance	$1,154,281	$1,126,620	$864,406	$1,025,238	$1,082,923
	Annual Reserve Contribution	$205,911	$211,882	$218,027	$224,349	$230,855
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$11,400	$9,951	$9,444	$10,536	$11,979
	Total Income	$1,371,592	$1,348,452	$1,091,876	$1,260,123	$1,325,758
#	Component					
	Common Area Components					
103	Concrete Surfaces - Repair	$136,096	$0	$0	$0	$0
201	Asphalt - Resurface	$0	$0	$0	$0	$0
202	Asphalt - Seal/Repair	$0	$34,505	$0	$0	$0
319	Pole Light Posts - Replace	$0	$0	$0	$0	$0
320	Pole Light Fixtures - Replace	$0	$0	$0	$0	$0
324	Wall Lights - Replace	$0	$0	$0	$0	$0
403	Mailboxes - Replace	$0	$0	$0	$0	$0
502	Chain Link Fence - Replace	$0	$0	$0	$0	$0
503	Metal Fence - Replace	$0	$0	$0	$0	$0
505	Wood Fence - Partial Replace	$0	$16,606	$0	$0	$0
702	Vehicle Gates - Replace	$0	$0	$0	$0	$0
704	Intercom - Replace	$0	$0	$0	$0	$0
706	Gate Operators - Replace	$0	$0	$0	$0	$0
1001	Backflow Device - Replace	$0	$18,870	$0	$0	$0
1008	Trees - Removal & Replacement	$108,876	$0	$0	$0	$0
1009	Lake - Dredge/Repair	$0	$0	$0	$0	$0
1107	Metal Fence - Repaint	$0	$0	$0	$10,181	$0
1116	Exterior Surfaces - Repaint	$0	$355,838	$0	$0	$0
1121	Exterior Surfaces - Repair	$0	$58,228	$0	$0	$0
1303	Comp Shingle Roof - Replace	$0	$0	$0	$0	$0
1310	Gutters/Downspouts - Replace (ph.1)	$0	$0	$0	$167,019	$0
1311	Gutters/Downspouts - Replace (ph.2)	$0	$0	$0	$0	$0
1603	Tennis Court - Refurbish	$0	$0	$0	$0	$0
1701	Creek Bridge - Replace	$0	$0	$0	$0	$0
1703	Pond Sump Pumps - Replace	$0	$0	$0	$0	$11,783
1811	Plumbing - Repair/Replace	$0	$0	$66,639	$0	$0
	Total Expenses	$244,972	$484,047	$66,639	$177,200	$11,783
	Ending Reserve Balance	$1,126,620	$864,406	$1,025,238	$1,082,923	$1,313,975

Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Derek Eckert, R.S., company president, is a credentialed Reserve Specialist (#114). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

In this engagement our compensation is not contingent upon our conclusions, and our liability in any matter involving this Reserve Study is limited to our fee for services rendered.

Where any uncertainties exist, we urge the association to obtain a legal review and written opinion of the legitimacy of the funding policies, as stipulated or permitted under your Declaration and local statutes. As these are legal questions, we highly recommend use of an experienced real property attorney specializing in association law.

Re-use of reserve study, figures or calculations in any other format absolves ARSF of all responsibility.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)
Effective Age	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
Fully Funded Balance (FFB)	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
Inflation	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
Interest	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.

Component Details

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of components that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding.

1) Common area maintenance repair & replacement responsibility
2) Component must have a limited life
3) Life limit must be predictable
4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of Annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life of how often the project is expected to occur, RUL = Remaining Useful Life pr how many years from our reporting period) and representative market cost range termed "Best Cost" and "Worst Cost" below the photo. There are many factors that can result in a wide variety of potential costs, we are attempting to represent a market to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.

Common Area Components

Comp #: 103 Concrete Surfaces - Repair **Quantity: Extensive LF**

Location: Walkways and driveways throughout the association
Funded?: Yes.
History: 2017 - Repairs of $5200 for cement work involving 2 driveways that needed to be re-done because of leaking main drains. 2018 - Repairs of $3,100.
Evaluation: Well maintained and clean. No excessive lifting or cracking observed. Fair condition overall. Monitor for trip hazards and any signs of advanced deterioration. Handle minor repairs as an Operating expense.

Useful Life:
10 years

Remaining Life:
5 years

Best Case: $ 57,000 Worst Case: $ 73,000

Lower allowance to repair Higher allowance to repair

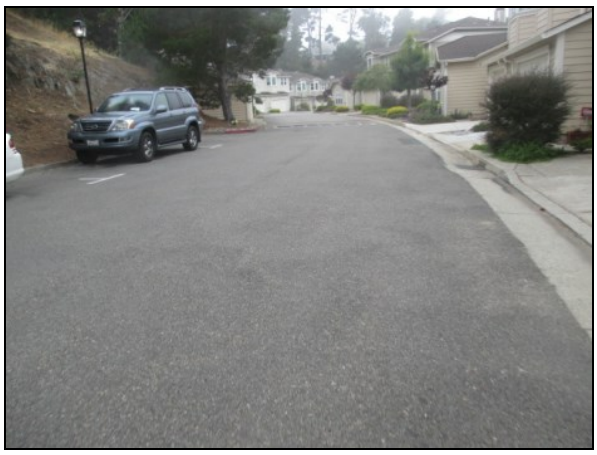
Cost Source: Cost History, plus Inflation

Comp #: 201 Asphalt - Resurface **Quantity: Approx 40,960 GSF**

Location: Association streets
Funded?: Yes.
History: Last resurfaced in 2012/13.
Evaluation: The road is well sloped to shed water. No Signs of major cracks or abnormal deterioration. Seal every 4-5 years to protect the integrity of the asphalt and maximize its useful life.

Useful Life:
30 years

Remaining Life:
24 years



Best Case: $ 140,000 Worst Case: $ 190,000

Lower allowance to resurface Higher allowance to resurface

Cost Source: ARSF Cost Database

Comp #: 202 Asphalt - Seal/Repair **Quantity: Approx 40,960 GSF**

Location: Association streets

Funded?: Yes.

History:

Evaluation: Minor granule exposure and some light cracking observed. Monitor for any tree root impaction. Regular cycles of seal coating, along with any needed repairs, has proven to be the most cost effective program for the long-term care of asphalt. We recommend sealing and repairing the asphalt every 4-5 years.

Useful Life:
5 years

Remaining Life:
1 years

Best Case: $ 14,000 Worst Case: $ 18,000

Lower allowance to seal/repair Higher allowance to seal/repair

Cost Source: ARSF Cost Database

Comp #: 203 Asphalt Path - Resurface/Repair **Quantity: Approx 2,300 GSF**

Location: Eastern perimeter of the property

Funded?: No. Handle repairs as an Operating expense as needed. No Reserve funding allocated.

History:

Evaluation: The asphalt path that connects to the neighboring Association is in poor condition. While major surface wear and loss of seal is apparent, the path does not require the same maintenance as the road. Funding will need to be adjusted when major replacement becomes necessary. Handle repairs as an operating expense when needed. Reserve funding not allocated at this time.

Useful Life:

Remaining Life:

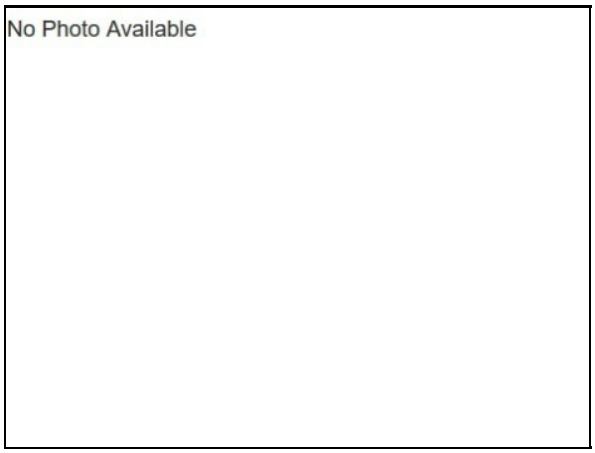
Best Case: Worst Case:

Cost Source:

Comp #: 319 Pole Light Posts - Replace **Quantity: (19) Pole Posts**
Location: Perimeter of streeets
Funded?: Yes.
History:
Evaluation: This component provides an allowance to replace the pole light posts at the interval below. Extended life is possible, but plan on future replacement.

Useful Life:
50 years

Remaining Life:
23 years



Best Case: $ 40,000 Worst Case: $ 50,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 320 Pole Light Fixtures - Replace **Quantity: (19) Fixtures**
Location: Perimeter of streeets
Funded?: Yes.
History:
Evaluation: Most fixtures are upright and have fair paint coverage. Continue to paint to maintain a positive appearance, we anticipate replacement in the interval outlined below. This component provides an allowance to replace the fixtures at the interval below.

Useful Life:
25 years

Remaining Life:
7 years

Best Case: $ 7,600 Worst Case: $ 9,200

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 324 Wall Lights - Replace **Quantity: (64) Fixtures**

Location: Front entry to units
Funded?: Yes.
History: Replacement projects $12,000.
Evaluation: Fixtures not tested during the site inspection; assume functional. Minor corrosion and dirt/dust accumulation noted. We recommend regular paint cycles and adjusting misaligned fixtures to maintain an attractive appearance. We anticipate replacement in the interval outlined below.

Useful Life:
25 years

Remaining Life:
23 years

Best Case: $ 11,000 Worst Case: $ 16,000

Lower allowance to replace Higher allowance to replace

Cost Source: Cost History, plus Inflation

Comp #: 403 Mailboxes - Replace **Quantity: (4) Kiosks**

Location: Throughout common area
Funded?: Yes.
History:
Evaluation: Mailboxes are intact and upright. Minor surface wear observed, but no major damage. We recommend periodic cleaning and painting to protect against rust. This component provides funding for replacement in the interval outlined below.

Useful Life:
30 years

Remaining Life:
5 years

Best Case: $ 15,000 Worst Case: $ 21,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 502 Chain Link Fence - Replace **Quantity: Approx 560 LF**

Location: Perimeter of property, tennis court
Funded?: Yes.
History:
Evaluation: The perimeter fencing conditions vary by location. Minor leaning in areas with uneven terrain and light discoloration in locations with greater solar exposure. This component provides funding to replace all chain link fencing as outlined below.

Useful Life:
30 years

Remaining Life:
4 years

Best Case: $ 14,000 Worst Case: $ 17,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 503 Metal Fence - Replace **Quantity: Approx 355 LF**

Location: Perimeter of the Association near the main entrance
Funded?: Yes.
History: Last replaced in the 2011/12 fiscal year.
Evaluation: No signs of advanced or abnormal deterioration. Upright and intact. We recommend periodic painting to prevent corrosion/oxidation. Complete replacement expected at the interval outlined below or as future conditions dictate.

Useful Life:
30 years

Remaining Life:
23 years

Best Case: $ 22,000 Worst Case: $ 27,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 505 Wood Fence - Partial Replace **Quantity: Approx 370 LF x 33%**

Location: Perimeter of property in select locations

Funded?: Yes.

History:

Evaluation: The wood fence is in fair condition overall, but minor deterioration noted. Missing boards and leaning observed in isolated locations. No expectation to replace all areas at one time. This component provides funding for partial replacement in the interval outlined below.

Useful Life:
10 years

Remaining Life:
6 years

Best Case: $ 6,900 Worst Case: $ 8,500

Lower allowance to replace (partial) Higher allowance to replace (partial)

Cost Source: ARSF Cost Database

Comp #: 506 Lattice Fence - Repair **Quantity: Approx 150 GSF**

Location: Around mailboxes

Funded?: No. According to the Board, the Association is handling repairs as an Operating expense. No Reserve funding necessary at this time.

History:

Evaluation: According to the Board, the Association is handling repairs as an operating expense.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 702 Vehicle Gates - Replace **Quantity: (2) Gates**

Location: Entry to the Association
Funded?: Yes.
History:
Evaluation: The vehicle gates are functional and smooth operating. No abnormal damage or abuse noted. We recommend regular paint cycles to maintain an attractive appearance and protect metal from corrosion. Contact the servicing vendor if a pattern of deterioration develops. We anticipate replacement in the interval outlined below.

Useful Life:
30 years

Remaining Life:
7 years

Best Case: $ 15,000 Worst Case: $ 21,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 704 Intercom - Replace **Quantity: (1) Intercom**

Location: At entrance to the association
Funded?: Yes.
History:
Evaluation: (1) Doorking model # 1802. No issues reported or observed; assume functional. Although significant damage is not apparent at this time, the unit is nearing the end of its estimated useful life and will likely require replacement in the near future.

Useful Life:
15 years

Remaining Life:
0 years

Best Case: $ 5,000 Worst Case: $ 6,300

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 706 Gate Operators - Replace **Quantity: (2) Operators**
Location: Entry to the association
Funded?: Yes.
History: Last replaced in 2012/13.
Evaluation: Liftmaster, Model: CSW24V. Gate operators observed to be in fair and functional condition. No signs of advanced wear or deterioration. We recommend continued regular service for maximum performance. Plan for replacement at the interval outlined below.

Useful Life:
10 years

Remaining Life:
4 years

Best Case: $ 10,000 Worst Case: $ 13,000

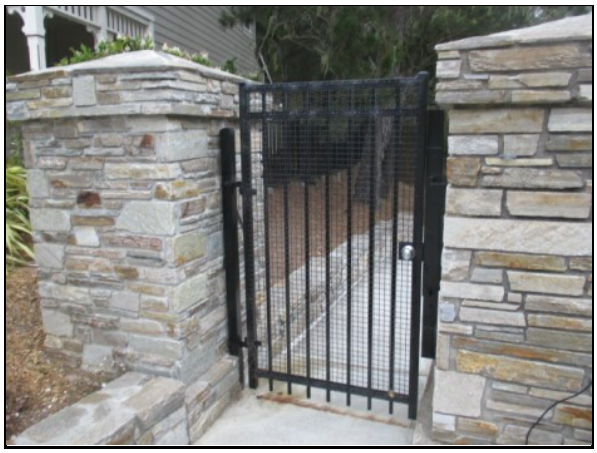
Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 708 Pedestrian Gate - Replace **Quantity: (1) Gate**
Location: Entry to the association
Funded?: No. Funding to replace the pedestrian gate is included in component #503. No separate Reserve funding necessary at this time.
History:
Evaluation: Funding to replace the pedestrian gate is included in component #503. No separate Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case: Worst Case:

Cost Source:

Comp #: 1001 Backflow Device - Replace **Quantity: (4) Backflows**
Location: Throughout the association
Funded?: Yes.
History:
Evaluation: No reported issues or signs of leaking at this time. We recommend periodic inspections by a licensed professional to ensure proper functionality. Continue to handle repairs as an Operating expense. This component provides funding for replacement in the interval outlined below.

Useful Life:
25 years

Remaining Life:
1 years

Best Case: $ 7,500 Worst Case: $ 10,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 1003 Irrigation Controllers - Replace **Quantity: Controllers**
Location: Common area
Funded?: No. Replacement is handled as an Operating expense. Reserve funding not allocated at this time.
History:
Evaluation: According to the BOD, replacement of the irrigation controllers is handled as an Operating expense. Adjust funding plan in future years if the Operating budget is not able to support periodic replacement.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1005 Irrigation Valves - Replace **Quantity: Irrigation Valves**

Location: Common area

Funded?: No. Replacement is handled as an Operating expense. No Reserve funding required at this time.

History:

Evaluation: According to the BOD, replacement of the irrigation valves is handled as an Operating expense.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1008 Trees - Removal & Replacement **Quantity: Numerous Trees**

Location: Common area

Funded?: Yes.

History: Removal & Replacements - 2018

Evaluation: Due to drought and warm weather significant damage to trees has occurred. This component provides an allowance for removal and replacement at the interval below.

Useful Life:
10 years

Remaining Life:
5 years

Best Case: $ 47,000 Worst Case: $ 57,000

Allowance for tree remove and replacement Higher allowance

Cost Source: Estimate Provided by Client

Comp #: 1009 Lake - Dredge/Repair **Quantity: Approx. 12,500 GSF**

Location: Center of the association

Funded?: Yes.

History: 2017 - Incur an expense of $6100 for chemical analysis and chemicals for Lake.

Evaluation: Sediment buildup at the lower part of stream is contributing to reduced water flow to the lake. While low water levels are common throughout the state of California because of the drought, dredging and other maintenance options can improve the condition of the lake. As per the client's request, this component has been set up to help maintain the appearance of the lake and potentially improve the ecology of the area. Plan on major projects being completed at the interval outlined below. This component includes repairs/maintenance to the stream as well.

Useful Life:
7 years

Remaining Life:
3 years

Best Case: $ 51,000 Worst Case: $ 63,000

Lower allowance to dredge/repair Higher allowance to dredge/repair

Cost Source: Estimate Provided by Client

Comp #: 1010 Landscaping - Replenishment **Quantity: Extensive GSF**

Location: Adjacent to Association entrance

Funded?: No. The Association handles landscaping as an Operating expense. No Reserve funding allocated at this time.

History: Replenishment project completed in 2015 as a one-time expense.

Evaluation: The Association recently completed a one-time landscape replenishment project. The project improved the appearance of the area and incorporated drought-tolerant features. Adjust funding options as future conditions dictate. Maintenance to be handled as an Operating expense.

Useful Life:
0 years

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1107 Metal Fence - Repaint **Quantity: Approx 355 LF**

Location: Front perimeter of the association
Funded?: Yes.
History: Repainted along with the units in 2017.
Evaluation: Due to high levels of solar exposure, minor fading of the paint has occurred. We recommend painting metal fencing every 4-5 years to protect against corrosion and other factors that accelerate deterioration.

Useful Life:
5 years

Remaining Life:
3 years

Best Case: $ 4,000 Worst Case: $ 4,900

Lower allowance to repaint Higher allowance to repaint

Cost Source: ARSF Cost Database

Comp #: 1116 Exterior Surfaces - Repaint **Quantity: Approx 110,880 GSF**

Location: Exterior building and garage surfaces
Funded?: Yes.
History: Repainted in 2015.
Evaluation: We recommend consistent paint cycles to the Hardie board siding and wood surfaces to protect from water intrusion and other factors that contribute to deterioration. The useful life of this component was provided by the BOD. Adjust the timing of the next painting project as needed. The surfaces may require painting more frequently in the future.

Useful Life:
10 years

Remaining Life:
6 years

Best Case: $ 150,000 Worst Case: $ 180,000

Lower allowance to repaint Higher allowance to repaint

Cost Source: Cost History, plus Inflation

Comp #: 1117 Garages - Repaint **Quantity: (9) Garages**

Location: Unit garages

Funded?: No. Cost to repaint the garages is included in component #1116 Exterior Surfaces - Repaint. No Reserve funding allocated.

History:

Evaluation: Cost to repaint the garages is included in component #1116 Exterior Surfaces - Repaint.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1121 Exterior Surfaces - Repair **Quantity: (60) Units**

Location: Exterior building and garage surfaces

Funded?: Yes.

History: Repairs completed in 2015, $20,000.

Evaluation: Funding recommended for partial replacement of wood and Hardie board siding in the future due to potential for termite damage, wood rot and natural deterioration. Coordinate with 2015 Exterior Surfaces - Repaint component (#1116).

Useful Life:
10 years

Remaining Life:
6 years

Best Case: $ 24,000 Worst Case: $ 30,000

Lower allowance to repair Higher allowance to repair

Cost Source: ARSF Cost Database

Comp #: 1130 Wood Bridge - Repaint **Quantity: (1) Bridge**

Location: Central common area

Funded?: No. Painting is handled as an Operating expense when needed. Reserve funding not allocated.

History:

Evaluation: Painting is handled as an operating expense when needed according to the BOD. Some dirt accumulation and fading observed. Fair condition overall.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1303 Comp Shingle Roof - Replace **Quantity: Approx 99,000 GSF**

Location: Rooftop of buildings

Funded?: Yes.

History: Last replaced in 2008.

Evaluation: Shingles are intact and appear to be aging well. Isolated minor curling near the fascia and gutters. No major damage observed. We recommend periodic inspections by a licensed professional to ensure the roof continues to age properly. Avoid debris buildup to maximize the useful life of the surface.

Useful Life:
30 years

Remaining Life:
20 years

Best Case: $ 440,000 Worst Case: $ 550,000

Lower allowance to replace Higher allowance to replace

Cost Source: Estimate Provided by Client & ARSF Cost Database

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Comp #: 1310 Gutters/Downspouts - Replace (ph.1) **Quantity: Approx 6,500 LF**
Location: Perimeter of roofs
Funded?: Yes.
History: Last replaced in 2017.
Evaluation: Light corrosion at joints and dirt buildup from exposure to the elements. Minor bending in isolated areas also observed. Inspect regularly, keep gutters and downspouts free of debris to ensure water evacuating from rooftops as designed and repair as needed from general operating funds.

Useful Life:
30 years

Remaining Life:
28 years

Best Case: $ 65,000 Worst Case: $ 81,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 1311 Gutters/Downspouts - Replace (ph.2) **Quantity: Approx 3,250 LF**
Location: Perimeter of roofs
Funded?: Yes.
History:
Evaluation: Light corrosion at joints and dirt buildup from exposure to the elements. Minor bending in isolated areas also observed. Inspect regularly, keep gutters and downspouts free of debris to ensure water evacuating from rooftops as designed and repair as needed from general operating funds. Best to plan for replacement at the same intervals as roof replacement cost efficiency.

Useful Life:
30 years

Remaining Life:
16 years

Best Case: $ 32,000 Worst Case: $ 41,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 1402 Signage - Replace **Quantity: Signage**

Location: Common area

Funded?: No. The cost of individual sign replacement does not meet the minimum threshold to qualify as a Reserve component. No Reserve funding allocated at this time.

History:

Evaluation: Condition varies through out the Association. Some signs have accumulated dirt or are showing fading/discoloration due to exposure to the elements. Replace as needed as an Operating expense to maintain an attractive and uniform appearance. No expectation to replace all signs at one time. Adjust funding in the future if a large scale replacement becomes necessary.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1603 Tennis Court - Refurbish **Quantity: Approx 7,800 GSF**

Location: South western perimeter of the property

Funded?: Yes.

History:

Evaluation: The tennis court is in poor condition at this time. Transgressive cracking and evidence of water ponding observed. Colorcoat, surface repairs and net/windscreen maintenance required. As per the client's request, this component has been added to address the concerns at the interval outlined below.

Useful Life:
10 years

Remaining Life:
2 years

Best Case: $ 8,100 Worst Case: $ 9,200

Lower allowance to refurbish Higher allowance to refurbish

Cost Source: Estimate Provided by Client

Comp #: 1701 Creek Bridge - Replace **Quantity: Approx 120 GSF**

Location: Central common area

Funded?: Yes.

History:

Evaluation: The wood bridge appears sturdy and intact, with only light surface wear and minor paint fading observed. Fair condition overall. Approximately 120 GSF with 80 LF of wood railing. We anticipate replacement in the interval outlined below.

Useful Life:
25 years

Remaining Life:
15 years

Best Case: $ 18,000 Worst Case: $ 21,000

Lower allowance to replace Higher allowance to replace

Cost Source: ARSF Cost Database

Comp #: 1703 Drainage - Repair **Quantity: Extensive LF**

Location: Common area

Funded?: No. According to the BOD, drainage has not been an issue and repairs are handled as Operating expenses when needed. Reserve funding not allocated at this time.

History:

Evaluation: Continue to monitor the common area drainage and adjust funding if repairs become too much for the Operating budget to absorb. Remove debris to ensure proper water drainage.

Useful Life:
0 years

Remaining Life:

Best Case: Worst Case:

Cost Source:

Comp #: 1703 Pond Sump Pumps - Replace **Quantity: (1) Pump**

Location: Pond

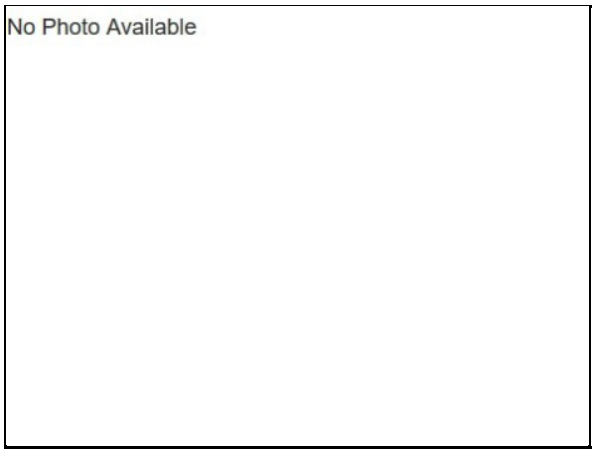
Funded?: Yes.

History: Replaced - 2018

Evaluation: In some cases, large projects such as erosion control, weed abatement or dredging may be required, but the scope and frequency of such projects is very unpredictable. As a precaution, the association may want to budget an "allowance" for repairs to the ponds.

Useful Life:
10 years

Remaining Life:
9 years



Best Case: $ 4,500 Worst Case: $ 5,500

Lower allowance to replace Higher allowance to replace

Cost Source: Client Cost History

Comp #: 1710 Gate Valves/Pumps - Replace **Quantity: (2) Valves**

Location: Pond area

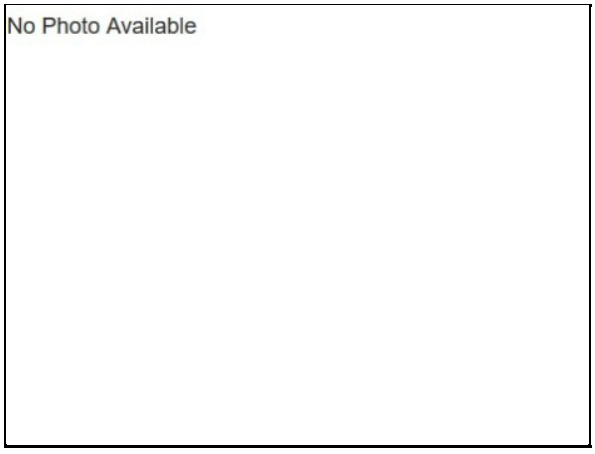
Funded?: No. According to the BOD, repair/replacement of the gate valves and pumps is handled as an Operating expense when needed. No Reserve funding allocated.

History:

Evaluation: No issues reported or observed. Continue to monitor the conditions of the pumps and valves and adjust funding if the Operating budget is unable to absorb future maintenance costs.

Useful Life:

Remaining Life:



Best Case: Worst Case:

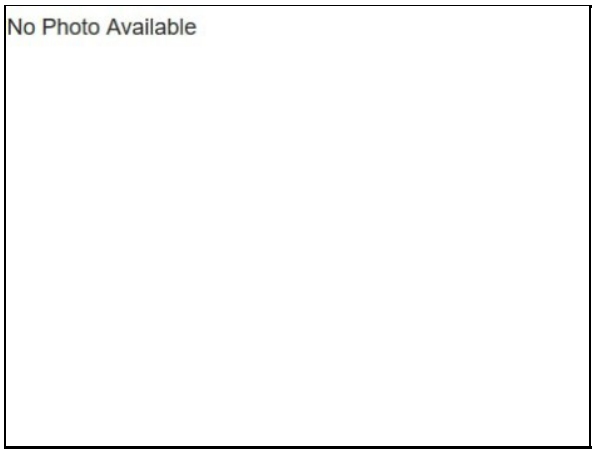
Cost Source:

Comp #: 1811 Plumbing - Repair/Replace **Quantity: Extensive LF**

Location: Association plumbing
Funded?: Yes.
History:
Evaluation: This component provides an allowance for plumbing at the interval below. The estimate and timeline was provided by the client.

Useful Life:
10 years

Remaining Life:
7 years



Best Case: $ 25,000 Worst Case: $ 35,000

Lower allowance Higher allowance

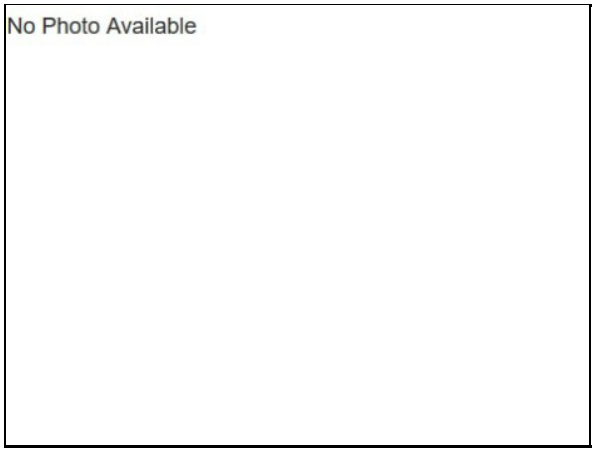
Cost Source: Estimate Provided by Client

Comp #: 1812 Electrical System- Repair **Quantity: Electrical Systems**

Location: Common area
Funded?: No. According to the BOD, electrical repairs are handled as an Operating expense when needed.
History:
Evaluation: No Reserve funding necessary at this time.

Useful Life:

Remaining Life:



Best Case: Worst Case:

Cost Source:

Comp #: 1925 Reserve Study - Update **Quantity: Flat Fee Annual Update**

Location: Association Reserves (415) 694-8931

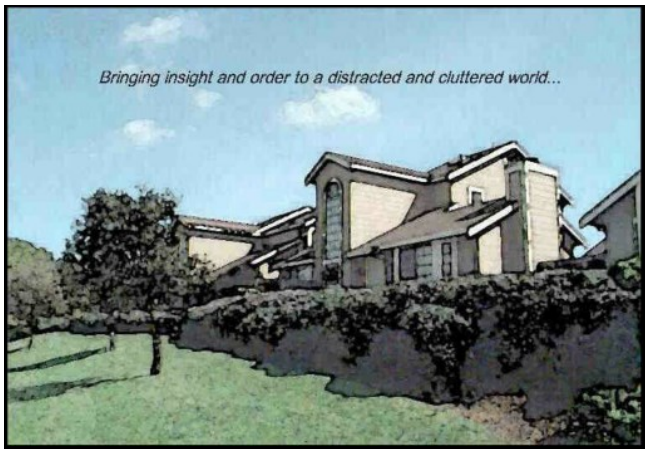
Funded?: No. The Association is on a three year annual Reserve Study update plan. Handle annual cost as an operating expense, no separate Reserve Funding necessary at this time.

History:

Evaluation:

Useful Life:

Remaining Life:



Best Case: Worst Case:

Cost Source: